

Message Text

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17

ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

IO-10 SAM-01 /110 W

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FM USLO PEKING

TO SECSTATE WASHDC 3378

INFO AMEMBASSY BERLIN

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, CH, GE

SUBJECT: PRC-EAST GERMAN TRADE

REF: PEKING 3240

1. DURING CALL AT USLO MARCH 13, EAST GERMAN COMMERCIAL COUNSELOR EWALD LUDWIG PROVIDED THE FOLLOWING INFORMATION ON PRC-GDR TRADE IN 1974-75.

2. REFERRING TO THE 1975 SINO-EAST GERMAN TRADE AGREEMENT SIGNED IN JANUARY, LUDWIG SAID ONLY A FIVE PERCENT INCREASE IN THE TOTAL VALUE OF PRC-GDR TRADE IS ANTICIPATED THIS YEAR. THIS COMPARES TO A THIRTY PERCENT GROWTH RATE IN 1974. ALTHOUGH FINAL FIGURES ARE NOT YET AVAILABLE, LUDWIG SAID HIS OFFICE NOW ESTIMATES TOTAL TRADE FOR CY 1974 (ACTUAL SHIPMENTS) AT 460.5 MILLION SWISS FRANCS INCLUDING 218.9 MILLION SF'S IN GDR EXPORTS AND 241.6 MILLION SF'S IN IMPORTS. (FIGURES REPORTED REFTEL FOR GDR-PRC TRADE WERE INCORRECT AND APPARENTLY DUE TO AN ERROR IN TRANSLATION.) GDR-PRC TRADE IS BALANCED

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ANNUALLY, AND ANY IMBALANCES IN SHIPMENTS DURING ONE YEAR ARE

NORMALLY MADE UP BY GOODS SHIPPED DURING THE FIRST TWO MONTHS OF THE NEXT YEAR, HE SAID.

3. LUDWIG SAID THAT THE 30 PERCENT GAIN IN 1974 TRADE WAS LARGELY DUE TO INFLATION, AND REFLECTED LITTLE INCREASE IN VOLUME. BY CONTRAST, DUE TO PRICE CHANGES, THE ESTIMATED 5 PERCENT INCREASE IN 1975 LIKELY TO REFLECT A REAL INCREASE IN VOLUME. IN THIS REGARD, FOR EXAMPLE, HE NOTED 10 TO 40 PERCENT DECLINES IN PRC TEXTILE PRICES WHICH ENABLED THE GERMANS TO BUY A MUCH LARGER QUANTITY OF CHINESE TEXTILES THIS YEAR. THIS DECREASE IN PRC PRICES, HOWEVER, IS SOMEWHAT OFFSET BY A TEN PERCENT AVERAGE INCREASE IN THE PRICES OF GDR INDUSTRIAL EXPORT (TRUCKS, LOCOMOTIVES, POWER GENERATION EQUIPMENT AND SHIPS) WHICH ACCOUNT FOR 90 PERCENT OF GERMAN SALES TO CHINA.

LUDWIG SAID HIS ESTIMATE OF A 5 PERCENT INCREASE IN TRADE THIS YEAR IS PRELIMINARY BECAUSE CONTRACTS UNDER THE AGREEMENT ARE CONCLUDED

THROUGHOUT THE YEAR AT WORLD PRICES PREVAILING AT THE TIME THE CONTRACTS

ARE SIGNED.

4. ACCORDING TO LUDWIG THE MAJORITY OF GDR-PRC CARGOES ARE CARRIED ON GDR VESSELS WHICH CALL TWICE A MONTH AT PORTS IN CHINA, AS WELL AS NORTH KOREA AND NORTH VIETNAM. OTHER CARGOES ARE CARRIED BY CHIPOLBROK, THE JOINT PRC-POLISH SHIPPING CORPORATION, OR BY PRC OWNED OR CHARTERED VESSELS. ONLY A FEW SPECIALTY ITEMS, SUCH AS CHRISTMAS WALNUTS ARE SHIPPED BY TRAIN THROUGH THE USSR TO ASSURE TIMELY DELIVERY. SINCE GDR SHIPS CALL ON A REGULAR SCHEDULE THEY RECEIVE A CERTAIN PRIORITY IN PRC PORTS, LUDWIG SAID, AND HAVE NOT GREATLY BOTHERED BY CHINESE PORT CONGESTION. THEY HAVE FEW PROBLEMS AT SHANGHAI, BUT OFTEN FACE DELAYS AT DAIREN AND HSIN-KANG, WHICH LUDWIG

DESCRIBED AS THE MOST CROWDED OF CHINESE PORTS.

5. USLO WILL POUCH A PRELIMINARY COMMODITY BREAKDOWN OF GDR-PRC TRADE IN 1974.

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